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RUEHLI/AMEMBASSY LISBON 0978
RUEHROV/AMEMBASSY VATICAN 0212
RUCNDT/USMISSION USUN NEW YORK 0992
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RUEHKO/AMEMBASSY TOKYO 0788
RUEHBY/AMEMBASSY CANBERRA 1067
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C O N F I D E N T I A L SECTION 01 OF 02 DILI 000313

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SUBJECT: TIMOR-LESTE'S NEW CABINET COMPLETE

REF: DILI 285

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REASON: 1.4 (b), (d)

¶1. (C) Summary: Following Prime Minister Xanana Gusmao's initial appointments to Timor Leste's new Cabinet (reftel), President Ramos Horta swore in additional members on August 31. In a move that grants him authority over the National Police (PNTL) and Defense Forces (F-FDTL), PM Gusmao assumed the Defense and National Security portfolios. This may set him up for tension with the President, who has made it clear that he intends to remain active on foreign affairs and national security matters. End summary.

¶2. (C) The following is an overview of the new Cabinet officials, including brief notes on their political backgrounds and some initial assessments:

-- Minister for Social Solidarity, Maria Domingas Alves "Micato". Micato accepted this post after FRETILIN member David Ximenes declined it, citing direct pressure from FRETILIN Secretary General Mari Alkatiri. Micato is the former advisor

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to the PM on Gender Balance Issues, and is widely seen as independent but still close to FRETILIN. She is from Manatuto and is married to Jacinto Alves, a member of the joint Indonesian-Timorese Truth and Friendship Commission.

-- Minister of Agriculture, Mariano Sabino Lopes. Lopes should have been sworn in on August 8, but had to deal with last-minute pressures from within his own Democratic Party (PD) to decline. He finally accepted after repeated urging from both PM Gusmao and President of Parliament Fernando de Araujo ("Lasama"). Lopes has been accused by some of having negotiated PD participation in the new government without adequately consulting the party, especially its main body, the National Political Commission. This issue will likely figure in an upcoming PD party conference.

-- Secretary of State for the Environment, Abilio Lima. Lima is from the Timorese Social Democratic Association (ASDT) party and originally from Ermera. He only completed secondary school and

is a former militia leader. Recently, ASDT complained about the party receiving only one ministerial position, while the Social Democratic Party (PSD) has three.

-- Secretary of State for Tourism, Adriano Nascimento. Strangely, Nascimento did not attend the swearing-in ceremony. He was PD caucus chair and is now the party's vice-president. A Westerner from Suai, he is thought by some to have instigated east versus west divisions within the party. He previously accused Mariano Sabino Lopes of naming Easterner PD members to the government, and demanded a position within it or threatened to vote in Parliament against the Alliance for a Parliamentary Majority, the parliamentary bloc to which PD belongs. Nascimento received the support of two other PD MP's: Lucas da Costa and Vital dos Santos, both westerners.

-- Secretary of State for Veterans Issues, Mario Nicolau dos Reis. Reis is a PD member originally from Baucau. His brother Jose Maria Reis is FRETILIN Secretary of State for Region One, encompassing Baucau, Viqueque, and Los Palos. In 2001 he was appointed by UNTAET at Xanana Gusmao's behest as District Administrator of Baucau. He outlined his main goals for his new position as finding "a place of honor for veterans of the resistance" to serve their country in a civil capacity and integrate them into society. In addition, he wants to institute a pension system for veterans as well as for the widows and children of veterans. He has expressed his enthusiasm for serving the new AMP-led government, believing that if it is able to quickly deliver tangible progress, it will win popular support that will enable it to withstand attempts from FRETILIN to destabilize it. In a meeting with Poloff today, he warned that the AMP coalition must stay vigilant against internal divisions that FRETILIN could exploit to undermine the government.

13. (C) Comment: As these new appointments make clear, PM Xanana Gusmao is continuing to take an inclusive approach, even reaching out to FRETILIN. As noted reftel, external political pressure from FRETILIN has probably helped him to hold the new AMP coalition together during its first month. As the above background notes make clear, however, there is no lack of divisions and infighting within the AMP bloc's various member parties. This means that over the longer term, the new Cabinet

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may face centrifugal pressures from within as well as external pressures from the opposition. However, as they settle down to the real business of governance, the new members may be able to put behind them the inevitable political maneuvering that surrounded the formation of the Cabinet. End comment
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